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WS-03478A-12-0307

Susan Bitter Smith
Arizona Corporation Commission
Commissioners Wing
1200 West Washington - 2nd Floor
Phoenix, Arizona 85007

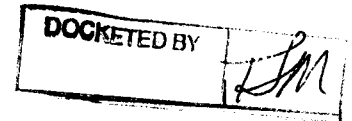
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RE: Far West Sewer, Case WS-03478A-12-0307

Dear Commissioner Bitter Smith:



For a variety of reasons, I must write this letter anonymously. The fact that it is written so doesn't however detract from the importance of what I have to say to you.

I see from ACC documents online that you may be interested in seeing an interim manager take over Far West Sewer Company in Yuma, Az., even though ACC staff recommended against it. I'm writing to thank you for that and to encourage you to take the action necessary to appoint such a manager and to conduct a forensic audit of Far West Sewer.

In the 2009 rate case, it became public record that Far West had "cooked the books" to make their financial position appear worse than it was to help justify the requested 200% increase. That fact, coupled with the company's general disregard for it's customers and the manner in which it operates, has caused great suspicion and distrust of company management. The events of the last year or two, including the request for a 188% rate increase, have done nothing to quell this suspicion and distrust. If anything, they have increased it. Given that the company's top management is still the same as it was in 2009, there is no reason to think that the books have not been cooked again! When one looks at the sworn testimony filed with ACC in connection with this rate increase request, one must conclude that Far West management is incompetent, at best. That was the opinion of an ACC administrative law judge in the 2009 case.

The only way to dispel such distrust is to bring in an outside, professional, competent, experienced sewer company manager to take over the operation. His or her first action should be to hire an outside forensic auditor if the ACC has not already ordered such action. Actions such as not charging other Far West companies for sewer and water services, and thus driving up rates for non-Far West ratepayers, should get scrutiny. Having Far West Sewer employees maintain the homes, yards and swimming pools of Far West Sewer owners, most likely without reimbursement, should get immediate review for propriety! This is a regular occurrence at their Ironwood Street homes.

In Mr. Olea's response to your request for information about an interim manager, he reports that there has been "significant odor reductions". I'm not sure where Mr. Olea gets his information but as a Foothills resident, I can assure you that the Far West odor problem is still significant and next to the rates, is the second largest concern amongst Far West customers. It's particularly bad at night, suggesting that the company treats sewage

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differently at night than in the daytime. A local realtor told me, but I have not verified it, that some Foothills real estate disclosure notices to prospective buyers include sewer odors. The ACC should investigate why the odors are significantly higher at night to assist it in it's determination of management competency and truthfulness.

I believe that the mere fact that the company has supposedly let it's financial condition get so far out of whack that it must seek 200% and 188% increases at once is in and of itself prima facie evidence of incompetent management. What responsible CEO or CFO would ever let their company's fiscal condition get that bad, assuming it actually is?

Even though they might not like any ACC approved rate increase, Far West customers would have a much greater sense of competent management if the ACC used it's statutory authority to appoint a manager. Far West Sewer has a huge credibility problem with it's customers and I assume from the 2009 rate case, with some ACC staff. Outside, competent management appointed by the ACC, along with a thorough forensic audit, is the only way to improve credibility and reduce suspicion and distrust.

Thanks for taking the time to consider what I have to say. I wish that I could sign my name and give you my contact information so that you could follow up with me if you wished. As I said in the opening, I simply cannot. The stakes are too high for my family.